

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:284
ANSWERED ON:13.08.2010
KISAN CREDIT CARDS
Chakravarty Smt. Bijoya;Rao Shri Nama Nageswara

Will the Minister of FINANCE be pleased to state:

- (a) the details of the target set and achievement made by the scheduled commercial banks in issuing of Kisan Credit Cards (KCCs) to the farmers during the last three years, State-wise and Bank-wise;
- (b) whether the issuance of KCCs to the farmers was on the decline during the said period;
- (c) if so, the details thereof alongwith the reasons therefor;
- (d) whether the farmers are facing difficulties in raising crop loans from the banks; and
- (e) if so, the details thereof alongwith the remedial measures taken/being taken by the Government in this regard?

Answer

THE MINISTER OF FINANCE(SHRI PRANAB MUKHERJEE)

(a) to (e): A Statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No. 284 to be answered on 13th August, 2010 regarding Kisan Credit Card tabled by Shri Nama Nageswara Rao & Shrimati Bijoya Chakravarty.

(a) to (e): The Kisan Credit Card (KCC) Scheme was introduced in 1998-99, as an innovative credit delivery system aiming at adequate and timely credit support from the banking system to the farmers for their cultivation needs in a flexible, convenient and cost effective manner. The Scheme is being implemented by all the District Central Cooperative Banks (DCCBs), Regional Rural Banks (RRBs) and Commercial Banks throughout the country. Efforts are being made to ensure that all farmers are covered under the KCC Scheme.

National Bank for Agriculture & Rural Development (NABARD) has reported that the banking system has issued 925.17 lakh KCCs cumulatively as on 31 March 2010, since inception. An amount of Rs 4,17,326 crore has been sanctioned under KCCs till 31 March 2010, since inception.

As reported by Reserve Bank of India (RBI) and NABARD, the KCC data for the last three years bank wise is as under:

Statement of KCC - Agency-wise Progress

Year Coop. Banks Regional Rural Banks Comm. Banks TOTAL

No. of cards No. of cards No. of cards No. of cards
issued issued issued issued

2007- 2091329 1772498 4605775 8493602
2008

2008- 1343845 1414647 5833981 8592473
2009

2009- 1743253 1949785 5313085 8734323
2010

The RBI has reported the details of KCCs issued by Public Sector Banks to farmers during the last three years. Details in this regard are at Annex- I & II.

The KCC scheme was simplified in 2004 in consultation with RBI to cover all eligible farmers including small and marginal farmers, oral lessees, tenant farmers, etc. However, to make the scheme more effective at ground level and to better serve the farmers, the Government of India, Ministry of Agriculture constituted a Task Force that, inter alia, examined and suggested measures for improving the efficiency of the KCC scheme including revising the operational guidelines for the distribution and sanction of the KCC limit. The Task Force submitted its report on 30.06.2010.

As regards the flow of credit to agriculture, the Government of India had in 2004 announced a package for doubling the flow of credit to agriculture and allied activities in a period of three years commencing from 2004-05 over the amount disbursed during the year 2003-04. The target was however achieved in two years and has been achieved each year thereafter, by the banking system. The flow of agriculture credit for the last three years vis a vis the target set by the Government is as under:

(Rs. Crore)

Year	Target	Achievement
2007-08	2,25,000	2,54,657
2008-09	2,80,000	3,01,908
2009-10	3,25,000	3,66,919
2010-11	3,75,000	

Source: NABARD Figures upto 31st March, 2010

The Government of India and RBI have taken several measures in order to ensure the proper availability of credit to farmers through banks. These include:

The Government of India, since 2006-07 is providing an Interest Subvention to all Public Sector Banks, Regional Rural Banks and Cooperative Banks for short term crop loans upto Rs 3 lakh, so as to ensure that short term agriculture credit is available at 7% to farmers. In 2010-11, an additional 2% interest subvention is being provided to those farmers, who repay their short term crop loans timely. Thus the short term crop credit will be available to prompt payee farmers @ 5% p.a. for loans upto Rs 3 lakh.

the Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 de-clogged the lines of credit that were clogged due to the debt burden on the farmers;

Banks have been advised to dispense with the requirement of "no due" certificate for small loans up to Rs 50,000 to small and marginal farmers, share-croppers and the like and instead obtain a self-declaration from the borrower;

Banks (including RRBs), being advised that wherever there are difficulties in getting certification from the local administration/panchayati raj institutions regarding the cultivation of crops, etc., they may accept an affidavit submitted by landless labourers, share croppers and oral lessees giving the occupational status (i.e., details of land tilled/crop grown) for loans up to Rs 50,000.

RBI has advised to banks to waive margin/security requirements for agricultural loans upto Rs 1,00,000.